

## Message Text

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ORIGIN EA-09

INFO OCT-01 ARA-06 EUR-12 IO-13 ISO-00 EB-08 INT-05 ITC-01  
CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05  
PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 COME-00  
FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01  
OMB-01 STR-04 CEA-01 /125 R

DRAFTED BY EA/IMS:WSSHEPARD:CCH  
APPROVED BY EB - ASSISTANT SECRETARY KATZ  
EB/ISM - MR. MILLER  
EA - MR. HEGINBOTHAM  
-----100341Z 118889 /70

P R 100221Z FEB 77  
FM SECSTATE WASHDC  
TO AMEMBASSY KUALA LUMPUR PRIORITY  
INFO AMEMBASSY LONDON  
AMEMBASSY LA PAZ  
AMEMBASSY BANGKOK  
AMEMBASSY JAKARTA  
USMISSION GENEVA

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E.O. 11652: N/A

TAGS: EMIN, ITC, MY

SUBJECT: MALAYSIAN AMBASSADOR'S CALL ON ASSISTANT  
SECRETARY KATZ

1. MALAYSIAN AMBASSADOR ZAIN CALLED ON ASSISTANT  
SECRETARY KATZ FEBRUARY 3, INFORMING US THAT HE WAS  
PROCEEDING TO BOLIVIA SHORTLY IN ORDER TO PREPARE THE  
WAY FOR A VISIT THERE LATER THIS MONTH OF PRIMARY  
INDUSTRIES MINISTER MUSA HITAM. HE NOTED THAT BOTH  
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THE THAI AND INDONESIAN MINISTERS OF MINES WOULD BE  
MEETING WITH MUSA HITAM PRIOR TO HIS TRIP. HE ASKED  
WHETHER THERE WAS ANY "GIVE" IN THE U.S. POSITION ON  
PRICES, WHICH MIGHT IN TURN INDUCE THE BOLIVIANS TO  
RATIFY THE FIFTH ITA.

2. MR. KATZ RECALLED THAT THE U.S. HAD STAYED OUT OF

THE FIRST FOUR ITAS. WE HAD SIGNED AND RATIFIED THIS AGREEMENT, AND IT WAS IN EVERYBODY'S INTEREST FOR US TO PARTICIPATE. HE NOTED THAT IT WAS NOT HELPFUL FOR PROBLEMS TO BE ADDRESSED IN "CATACLYSMIC" TERMS. THE BOLIVIANS HAD NOT JUSTIFIED THEIR PROPOSALS FOR AN INCREASE IN THE FLOOR PRICE OF TIN. INDEED THE VERY BASIS OF THEIR PRICING POSITION WAS UNSOUND. THEIR LEVEL OF INVESTMENT IN TIN MINING WAS INADEQUATE, AND

THEY WERE THE LEAST EFFICIENT PRODUCER. IN ADDITION TO THIS, THE BOLIVIAN PROPOSAL INCLUDED THEIR OWN EXPORT TAX AS A COST FACTOR. IN THIS COUNTRY, COMMODITY AGREEMENTS HAVE TO BE SOLD IN TERMS OF THEIR ECONOMIC SOUNDNESS, AND NOT AS AID PROGRAMS. MR. KATZ THEREFORE NOTED POTENTIAL DIFFICULTIES WITH THE SENATE SHOULD THE AGREEMENT COLLAPSE AND REQUIRE RENEGOTIATION AND RESUBMISSION. IT WOULD BE FAR BETTER FOR THE BOLIVIANS TO RATIFY THE AGREEMENT AND PURSUE THEIR POLICIES FROM WITHIN. THE PROBLEM NOW WAS THAT THE BOLIVIAN POSITION WAS A VERY EMOTIONAL ONE. ZAIN IMPLIED THAT THE MALAYSIANS WOULD SEARCH FOR SOME FACE SAVING GESTURE OR COMPROMISE, ALTHOUGH HE CANDIDLY NOTED THAT "WE DON'T SEE ONE YET".

3. AS MEETING CONCLUDED ZAIN GAVE ASSISTANT SECRETARY KATZ A COPY OF THE RUBBER PRICE STABILIZATION AGREEMENT SIGNED IN JAKARTA NOVEMBER 30. HE STRESSED THE IMPORTANCE OF RUBBER AND PRICE STABILIZATION TO MALAYSIA, NOTING THE MALAYSIAN SMALLHOLDERS WERE A "POLITICALLY VOLATILE FACTOR". HE SAID THAT THE STRUCTURE SET UP

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BY THE AGREEMENT WOULD BE ANALOGOUS TO THE ITA. PRICE RANGES WOULD BE DETERMINED BY THE COUNCIL ON THE BASIS OF COMPARABLE SYNTHETIC RUBBER PRICES AND COSTS OF NATURAL RUBBER PRODUCTION. IN RESPONSE TO MR. KATZ'S QUESTION, ZAIN HAD NO FURTHER VIEWS ON TYPES OF ASSOCIATE MEMBERSHIP THAT MIGHT EVENTUALLY BE POSSIBLE UNDER THE RUBBER AGREEMENT. MR. KATZ NOTED THAT THE UNCTAD PREPARATORY RUBBER CONSULTATION WHICH TOOK PLACE IN GENEVA JANUARY 17-21 HAD ALREADY BEEN AN OPPORTUNITY FOR PRELIMINARY VIEWS ON THE RUBBER AGREEMENT TO BE EXCHANGED.

4. MR. KATZ SAID IN RESPONSE TO AMBASSADOR ZAIN'S INQUIRY THAT HE WOULD LOOK FORWARD TO MEETING WITH MINISTER MUSA HITAM, WHO "HOPES TO COME THROUGH WASHINGTON" ON HIS WAY TO LA PAZ.

5. FOR KUALA LUMPUR: WE RECALL THAT DURING HIS SEPTEMBER 1975 TRIP HERE, MINISTER MUSA HITAM HELD MEETINGS WITH BOTH ASSISTANT SECRETARIES ENDERS AND

HABIB. WOULD APPRECIATE YOUR THOUGHTS ON APPROPRIATE  
TALKING POINTS FOR EA MEETINGS, SHOULD SCHEDULES PERMIT.

VANCE

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NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decapton Note:**  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Original Handling Restrictions:** n/a  
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**Subject:** MALAYSIAN AMBASSADOR'S CALL ON ASSISTANT SECRETARY KATZ  
**TAGS:** EMIN, OTRA, MY, BL, ITC, (MUSA HITAM)  
**To:** KUALA LUMPUR  
**Type:** TE  
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